

Message Text

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ACTION EA-09

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TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 FEA-01 XMB-04

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R 230405Z JAN 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 7336

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

UNCLAS CANBERRA 0556Q

SYDNEY ALSO PASS TRADE CENTER

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SUBJ: COUNTRY COMMERCIAL PROGRAM FOR AUSTRALIA - FY 77

(SECTION I)

REF: 75 CANBERRA 1023, 75 STATE A-7369

1. IN ACCORDANCE WITH 75 STATE A-7369, A DRAFT OF SECTION I OF THE FY77 CCP FOR AUSTRALIA IS TRANSMITED AS PARA 2 OF THIS MESSAGE. THIS AND SUBSEQUENT SECTIONS OF CCP TO BE FORWARDED IN SEPTELS) HAVE BEEN DRAFTED WITHOUT BENEFIT OF AN EMBASSY ACTION GROUP (EAG) MEETING, ALTHOUGH POSTS AND TRADE CENTER HAVE BEEN CONSULTED. EAG MEETING WILL PROBABLY TAKE PLACE FOLLOWING RETURN OF E/C COUNSELOR FROM HOME LEAVE AND WASHINGTON CONSULTATIONS AND CHANGES TO DRAFT MAY BE AGREED AT THAT TIME.

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WM SECTION I - OVERVIEW

A. BEGIN DRAFT. BY OCTOBER 1, 1976, ECONOMIC RECOVERY SHOULD BE UNDERWAY IN AUSTRALIA, CONTINUING THROUGHOUT FY 77. WE DO NOT EXPECT A BUSINESS BOOM OF 1973-74 PROPORTIONS TO OCCUR, HOWEVER. FACTORS CONTRIBUTING TO THE OUTLOOK FOR REVIVAL ARE THE PRESENT GOVERNMENT'S STRONG POLICY COMMITMENT TO EXPANSION AND AN "INVESTMENT-LED" RECOVERY; INDICATIONS THAT THE 1974-75 RECESSION HAD ALMOST BOTTOMED OUT EVEN BEFORE THE CHANGE IN GOVERNMENT; SIGNS (ADMITTEDLY TENTATIVE) THAT THE RATE OF INFLATION IS ABATING; AND PROSPECTS FOR A GENERAL WORLD RECOVERY WHICH SHOULD ENHANCE AUSTRALIAN EXPORT EARNINGS. BUT AMONG FACTORS WHICH MAY INHIBIT AN UPTURN ARE A STUBBORNLY HIGH UNEMPLOYMENT RATE, WHICH MAY SLOW THE RETURN OF CONSUMER CONFIDENCE, AND UNCERTAINTIES REGARDING JAPANESE DEMAND FOR AUSTRALIAN EXPORTS, WHICH COULD REDUCE SIGNIFICANTLY THE CONTRIBUTION OF EXTERNAL REVENUES TO ANY GENERAL EXPANSION. FINALLY, TWO ASPECTS OF THE FRASER GOVERNMENT'S ECONOMIC POLICY ARE OF SPECIAL INTEREST. THE GOVERNMENT HAS PLEDGED A RESUMPTION OF EXPLORATION ACTIVITY IN THE MINERALS AND ENERGY FIELD, AS WELL AS A MORE RECEPTIVE POLICY WITH REGARD TO OVERSEAS INVESTMENT IN AUSTRALIAN DEVELOPMENT. ON THE OTHER HAND IT IS ALSO ON RECORD AS FAVORING "ADEQUATE PROTECTION" FROM IMPORTS FOR AUSTRALIAN INDUSTRY. ALTHOUGH OPPOSITE IN EFFECT, THESE POLICIES WILL HAVE SIGNIFICANT IMPACT ON THE FY 77 CCP ENVIRONMENT.

B. US EXPORTS TO AUSTRALIA IN 1975 EXCEEDED IMPORTS BY MORE THAN DOLS 500 MILLION. IN ADDITION, THE NET RETURN ON DOLS 4.7 BILLION IN US DIRECT INVESTMENT IN PLACE IN AUSTRALIA IN 1974 WAS DOLS 400 MILLION. IN ORDER TO PROTECT THESE IMPORTANT CONTRIBUTIONS TO OUR BALANCE OF PAYMENTS STRENGTH OUR PRINCIPAL OBJECTIVES SHOULD BE TO (1) INCREASE US EXPORTS BY EXPANDING THE US SHARE OF A GROWING AUSTRALIAN IMPORT MARKET AND (2) AS APPROPRIATE, SEEK TO MAINTAIN AND IMPROVE THE CLIMATE FOR US DIRECT INVESTMENT IN AUSTRALIA. IN PARTICULAR WE SHOULD ACT TO ENSURE THAT US FIRMS PARTICIPATE IN MAJOR DEVELOPMENT PROJECTS LIKELY TO BE UNDER CONSIDERATION DURING FY77 AND SUBSEQUENT YEARS. FINALLY WE SHOULD ENDEAVOR TO KEEP US EXPORTERS FULLY INFORMED AS TO AUSTRALIAN IMPORT RESTRAINT MEASURES, UNCLASSIFIED

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TAKING ACTION AS APPROPRIATE TO PROTECT EXPORTERS' INTERESTS. C. THE FY1977 COUNTRY COMMERCIAL PROGRAM FOR AUSTRALIA INCLUDES CAMPAIGNS INVOLVING TARGET INDUSTRIES THE MISSION BELIEVES HAVE THE GREATEST POTENTIAL, IN LIGHT OF PREVAILING CONDITIONS, FOR CONTRIBUTING TO AN INCREASE IN US EXPORT EARNINGS BY INCREASING THE US SHARE OF THE MARKET. THESE INCLUDE COMPUTERS AND RELATED EQUIPMENT, CONSUMER GOODS, POLLUTION CONTROL EQUIPMENT, BUSINESS EQUIPMENT, AND

METALWORKING AND FINISHING MACHINERY AND EQUIPMENT. IT ALSO INCLUDES NON-CAMPAIGN INITIATIVES INTENDED TO TAKE ADVANTAGE OF CONDITIONS CREATED BY THE EXPECTED ECONOMIC RECOVERY AND THE NEW GOVERNMENT'S POLICY ORIENTATION, SUCH AS VISIT USA, WESTERN AUSTRALIAN MAJOR PROJECTS, AND MARKET STUDIES ON CHEMICAL AND PETROCHEMICAL EQUIPMENT AND OTHER SECTORS. FINALLY, A FULL RANGE OF CUSTOMARY ACTIVITIES IS CALLED FOR, WITH SPECIAL EMPHASIS ON MONITORING OF GOA IMPORT RESTRICTIONS AND ON DEVELOPMENT AND REPORTING OF INVESTMENT OPPORTUNITIES. END DRAFT.

3. AS PREVIOUSLY STATED, DRAFTS OF OR RECOMMENDATIONS FOR SECTIONS II AND III FOLLOW BY SEPTTEL.
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